



Connecticut's Economic Action Plan

Driving inclusive growth

September 30, 2021



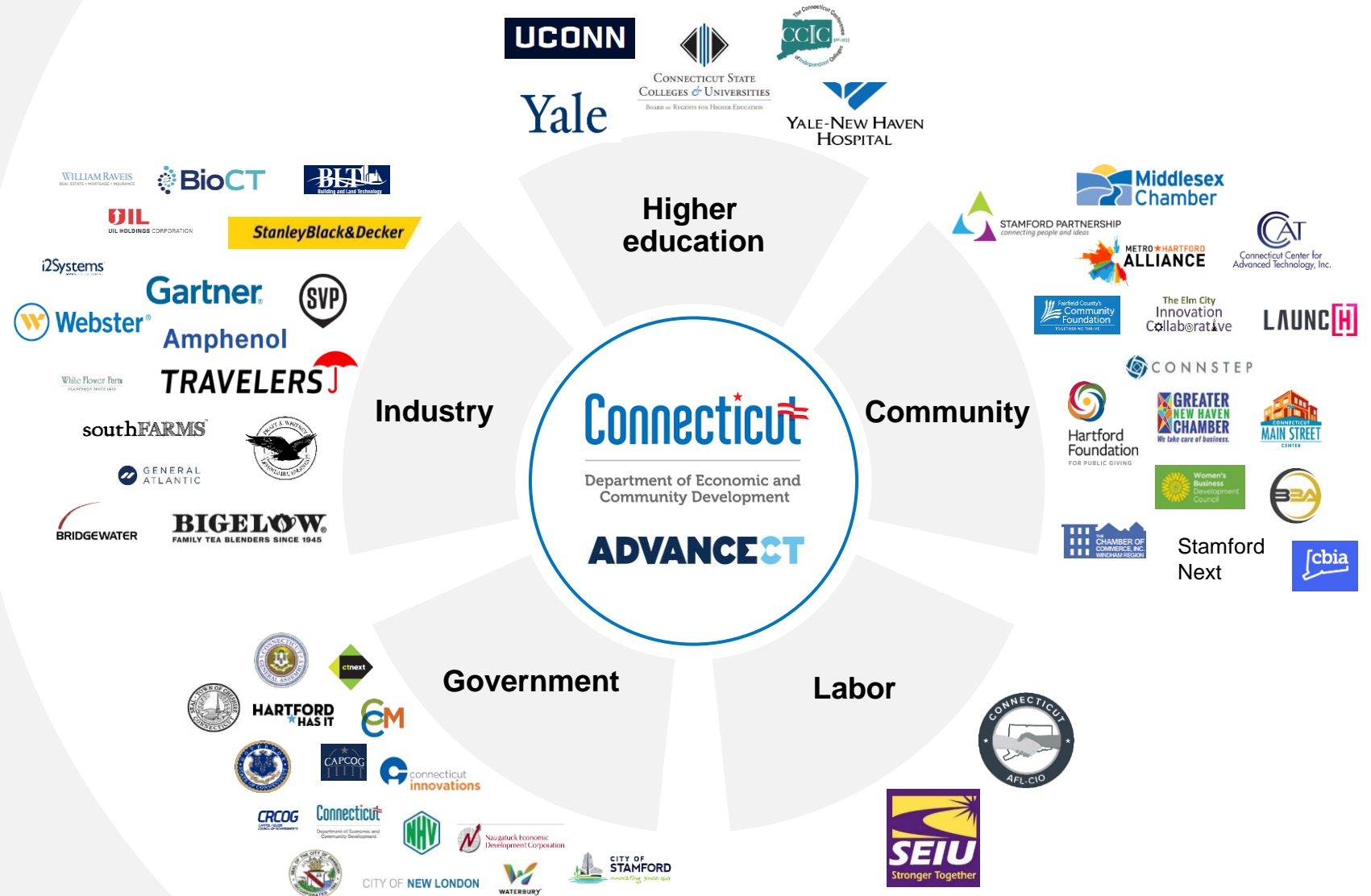
Your input shaped this action plan

~1000 survey respondents from all areas of the state and all target industries

90+ stakeholders from 50+ organizations interviewed or engaged in small group discussions

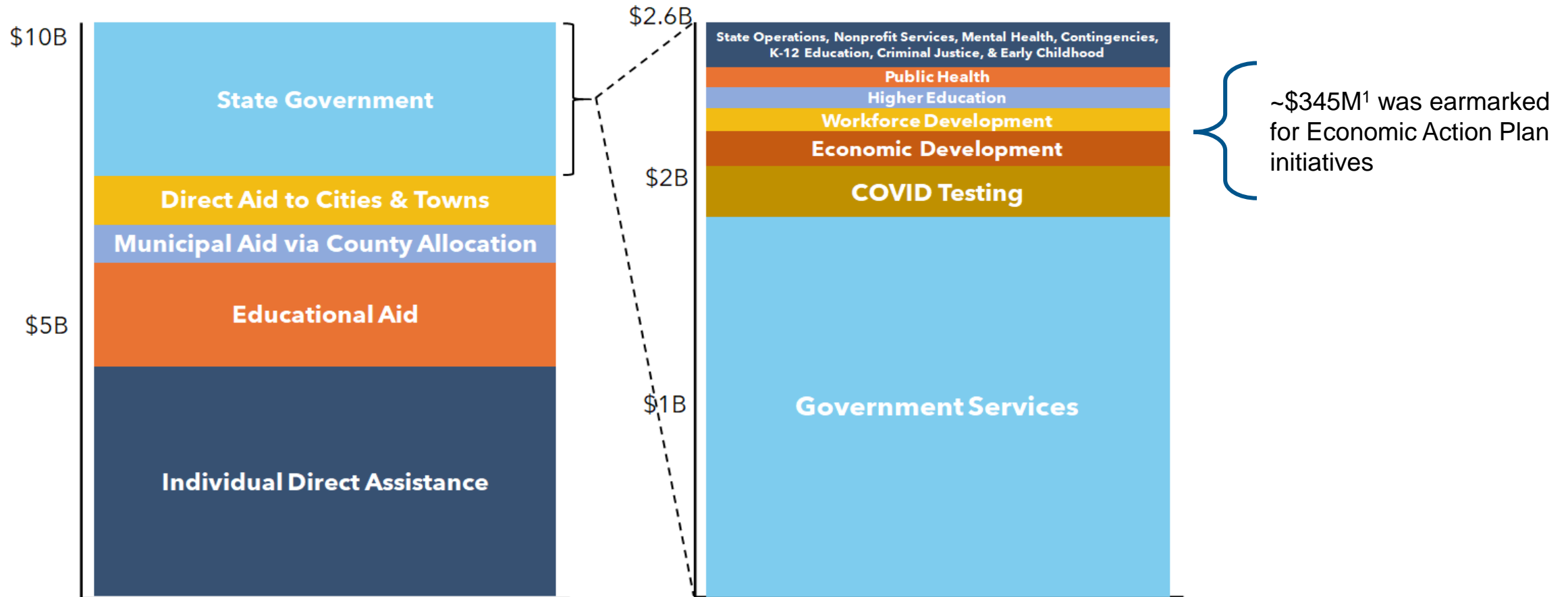
35+ Advisory Council members

20+ industry experts interviewed



EAP was part of the Governor's proposed ARPA plan

Governor Lamont's Proposed ARPA* Plan



SOURCE: Office of the Governor, Connecticut's Plan for The American Rescue Plan Act of 2021, 2021; CBIA, Where Does the \$10 Billion Go?, 2021

¹ Includes \$100M of SSBCI funding

Governor Lamont's Vision

A Roadmap for a Transformative, Equitable, and Healthy Recovery for our State



**Defeating
COVID-19**

Themes

Addressing the **public health impacts** of COVID-19 so families can thrive



**Investing in Our
Future**

Themes

21st century upgrades and investments in our **cities/towns** through infrastructure, expanding home visiting, HHS resident benefits access and broadband expansion

Supporting the **recovery of private providers** through the pandemic

Addressing the **criminal justice impacts** from COVID-19



**Creating A More
Affordable CT**

Themes

Supporting **early childhood needs** resulting from the pandemic

Addressing **the K-12 and higher education impacts** of COVID-19

Addressing the **mental health impacts** of COVID-19



**Economic Growth That
Works For All**

Themes

Addressing the Economic Impacts of COVID-19 by **restoring jobs, rebuilding our economy, and returning to growth**

Addressing **workforce development needs** resulting from COVID-19



**Modernizing
State Govt**

Themes

Modernizing **public health and human services infrastructure**

Department of Public Health **data systems modernization**



The action plan for inclusive growth is built on 4 pillars

A thriving,
inclusive
CT economy

1



Workforce

Broaden the base of skilled workers to meet increasing industry demand

2



Communities

Attract and retain talent by investing in vibrant and affordable communities for all

3



Innovation

Support growth and generate inclusive economic opportunity within CT's most innovative and specialized industries

4



Business Environment

Improve CT's environment and reputation for starting and growing businesses

16 initiatives, creating ~83K jobs at a state cost of ~\$824M¹ across five years

Governor Lamont's Original Plan: \$1.8b total investment creating 83k jobs over 5+ years

State contribution of \$824M matched by \$938M from the private sector

High Priority Initiatives	5-yr Total Jobs (K)	Public Funding				Bonding by Year		Leverage	
		Total Bonding (M)	Tax Credit/Grants (M)	ARPA Sources	Total Public Funding	Year 1 - 2 (M)	Year 3 - 5 (M)	Total Private Sector / Other Non-State Funding ¹ (M)	Public Cost per Job (K)
Workforce	13	\$40		\$103	\$143	\$40	TBD		\$10
Targeted Small Business Support	14	\$75		\$75	\$150	\$50	\$25	\$100	\$11
CT Brand & Travel/Tourism/Hospitality Support	1			\$42	\$42	\$0	\$0		\$35
Innovation Corridor	15	\$82	\$24	\$30	\$136	\$42	\$40	\$518	\$9
CT Communities Challenge	3	\$73		\$27	\$100	\$36	\$37	\$150	\$40
Greentech Fund	2	\$25		\$25	\$50	\$25	\$0	\$150	\$25
<i>High Priority Total</i>	48	\$295	\$24	\$302	\$621	\$193	\$102	\$918	\$13
Additional Initiatives									
Smart Manufacturing	5	\$20		\$0	\$20	\$20	\$0	\$20	\$4
Broadband for All	N/A	N/A		\$40	\$40	N/A	N/A		N/A
Regulatory Modernization	11			\$3	\$3	N/A	N/A		<1
JobsCT	19	N/A	\$140	\$0	\$140	N/A	N/A		\$8
<i>Additional Initiatives Total</i>	35	\$20	\$140	\$43	\$203	\$20	\$0	\$20	\$5
Total Across All Initiatives	83	\$315	\$164	\$345	\$824	\$213	\$102	\$938	\$9 - \$10

Actual Funding to Date—Subject to Change

Reflects FY 22-23 state budget and includes anticipated bond authorizations

High Priority Initiatives	Public Funding					Bonding by Year		Leverage
	Total Bonding (M)	MAA Grants in Arrears (M)	ARPA Sources (M)	Other Public Funds (M)	Total Public Funding (M)	Year 1 - 2 (M)	Year 3 - 5 (M)	Total Private Sector / Other Non-State Funding ¹ (M)
Workforce	\$40	-	\$70	-	\$110	\$40	TBD	-
Targeted Small Business Support	\$50	-	\$25	\$34	\$109	\$50	TBD	\$100
CT Brand & Travel/Tourism	-	-	\$7	\$25	\$32	-	-	-
Hospitality Industry Support	-	-	\$30	-	\$30	-	-	-
Innovation Corridor	\$50	-	-	\$50	\$100	\$25	\$25	\$518
CT Communities Challenge	\$50	-	-	\$50	\$100	\$25	\$25	\$150
Greentech Fund + Future Fund (CI)	-	-	\$75	-	\$75	-	-	\$150
<i>High Priority Total</i>	<i>\$190</i>	<i>-</i>	<i>\$207</i>	<i>\$159</i>	<i>\$556</i>	<i>\$140</i>	<i>TBD</i>	<i>\$918</i>
Additional Initiatives								
Smart Manufacturing	\$20	-	-	-	\$20	\$20	-	\$20
Broadband for All	-	-	\$40	-	\$40	-	-	-
Regulatory Modernization	-	-	\$1	-	\$1	-	-	-
JobsCT	-	\$140	-	-	\$140	-	-	-
<i>Additional Initiatives Total</i>	<i>\$20</i>	<i>\$140</i>	<i>\$41</i>	<i>-</i>	<i>\$201</i>	<i>\$20</i>	<i>-</i>	<i>\$20</i>
Total Across All Initiatives	\$210	\$140	\$248	\$159	\$757	\$160	TBD	\$938

SOURCES: Office of the Governor, Connecticut's Plan for The American Rescue Plan Act of 2021, 2021; DECD and Public Act No. 21-111 (Sec. 13(c)(1) and Sec. 32(c)(1))

1) Jobs forecast has not been re-calculated to reflect actual funding.

Workforce

● High Priority Initiative

A Business Leadership

Implement business led strategies that reinvigorate Connecticut's demand-driven approach to workforce development

B Career and Education Building

Align training and education with occupational demand and career opportunities

C Equity and Access

Address persistent barriers that undermine access to sustainable work and training arrangements

D Data and Accountability

Use technology to increase jobseeker accessibility and better understand program outcomes

Vision

Every CT resident has access to a meaningful career pathway and the support needed to fulfill their aspirations

Innovation

● Additional Initiative ● High Priority Initiative

A Innovation Corridor

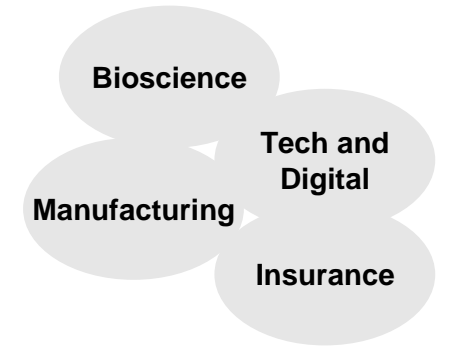
Public and private matching funds to seed transformational, placemaking projects to drive job opportunities, innovation, and business formation in our largest cities. Location determined via competitive application process.

B Greentech Fund

Advance nascent specialization in clean energy technology by investing in capital improvements and place-based development in greentech hubs.

C Smart Manufacturing

Create and/or retain 5,000 jobs through training and programs via recapitalization of the Manufacturing Innovation Fund.



Vision

Support growth and generate inclusive economic opportunity within CT's most innovative and specialized industries

Communities

● High Priority Initiative

A Targeted Small Business Support

Public and private matching funds to support Connecticut's small businesses, creating/ retaining 14,000 jobs via loans and grants, with at least 50% targeting underbanked and underrepresented business owners.

B Communities Challenge

Competitive community grant program to spur investment in CT's main streets and the vibrancy of our communities through high-quality, transit-oriented development.

C Arts and Culture

Funding to help arts and other entertainment organizations that have experienced economic dislocation during the pandemic.

D CT Broadband for All

\$40M proposal to expand broadband and internet access for all through enhanced mapping, curb-to-home build out, and enhanced connectivity in public spaces.

Vision

Attract and retain talent by investing in vibrant and affordable communities for all

Business Environment

● Additional Initiative ● High Priority Initiative

A CT Brand, Travel/Tourism & Hospitality Support

Launch an inclusive marketing campaign to drive tourism and population growth; support the travel, tourism, and hospitality industry.

B JobsCT

Support business attraction and expansion; reward employers that locate and grow in CT, creating 19,000 jobs over five years.

C Regulatory Modernization

Modernize outdated regulations and licensing regulations to improve business friendliness and open new career pathways.

Vision

Improve CT's environment and reputation for starting and growing businesses

Our path to impact

Total project funding will include a minimum **1:1 match from private non-profit, and other funding sources**

At least 55% of public funding will come from **funds already budgeted for or from federal sources**

Rate of return is in excess of 10%, even if we are only partially successful

The State's investment will be **paid back between 2027-2031**

Average cost per job is \$9 - \$10K, vs CT's history of \$15K+ per job

GWC Workforce Strategic Plan¹

Objective: Establish a framework, which through a series of initiatives and coordinated efforts, expands opportunity for all

Context and rationale

Despite being highly educated and highly skilled, Connecticut's workforce is aging, with a high retirement rate²

- CT ranks 4th in the nation for advanced degrees among the 25+ population.
- 26% of CT's labor force is age 55+ and likely to retire soon, compared to 22% nationally.

The onset of COVID roiled Connecticut's workforce and heightened the urgent need to upskill to meet the needs of a rapidly evolving job market

- The disruption disproportionately impacted lower-income, less-skilled workers
- Annual healthcare workforce demand exceeds 7,000 new workers, with significant shortages in various roles

Workforce is a central tenant to ensuring an inclusive economy that works for every Connecticut resident

- Upskill and reskill a dynamic workforce with focus on the jobs of tomorrow, not the jobs of yesterday
- Establish pathways that provide residents with equitable opportunity while meeting the needs of employers

Sources of inspiration



HILT is a self organized network of healthcare communities in Seattle-King County who've come together to act on improving access to a skilled healthcare workforce



Tennessee Pathways supports alignment among K-12, postsecondary and industry to provide students with relevant education allowing them to jumpstart their degrees and seamlessly transition into the workforce

Initiative detail

The GWC Strategic Plan is comprised of four components, which recognize that a robust and inclusive workforce is more than just connecting people with training opportunities

Business Leadership

- Use Regional Sector Partnerships to forge a business-led workforce agenda that effectively aligns business needs, education and training programs
- Launch talent retention organizations in three cities to drive the retention of undergraduates within the state

Career Building – Educating Our Workforce

- An integrated statewide career pathways program starts with learning about careers in elementary school
- Utilize sector-based training to address specific workforce shortages and skills mismatches

Equity Access

- Expanding the Early Child Care Education System will A) support children through critical developmental stages, B) keep parents attached to the workforce, C) increase employer access to qualified workers, and D) lead to future increases in tax revenues and a reduction of public benefits for the state

Accountability and Data-Driven Management

- Improving online workforce development services will not only improve the user experience but also improve equity of access across these offerings
- The P20 WIN system offers a way to link data longitudinally forming an integrated data system that can aid in policy making decisions

Inclusive growth elements

Use data platform to investigate racial and gender gaps in training and workforce readiness, as well as barriers to employment faced by people with disabilities and veterans; deploy funding to address these gaps

Include a diverse set of participants, including women, minority, veteran, and disabled business owners and community organizations in underserved neighborhoods

Five-year impact and cost summary

Direct jobs
13K

Total jobs
13K

Project cost
110M

Public cost
110M

Workforce: Business Leadership

Objective: Implement business led strategies that reinvigorate Connecticut's demand-driven approach to workforce development

Context and rationale

CT faces workforce challenges...

- Mismatch between job seekers and job demand observed without enough qualified workers (e.g., healthcare occupations, computer related occupations)
- Limited granular, actionable data to inform decision-making, (e.g., skills demand, training program ROI)
- Poor completion rates across both 2-year and apprenticeship programs

...but has numerous assets to build on

- Unique concentrations of industries in regional areas creates pools of common needs to address, (e.g., in aerospace, insurance, business and financial services)
- Engaged and educated workforce (2nd in US on college readiness, 3rd in NAEP reading scores, 6th for higher ed attainment) has potential for strong workforce outcomes
- High commitment and experience in workforce development across the state with numerous smaller successful programs to learn from and/or scale

Additional Proposals

Paid internships for 4,000 high school and college students

- College students with internships are 66% more likely to receive employment offers than students without internships

Career bridge program from 2,000 graduating high school seniors

- Alternative pathway to college for at-risk HS seniors

Initiative detail

Build regional sector driven partnerships between business, educators, government and nonprofits

- Identify clear regional sector clusters (e.g., insurance, bioscience) with distinct industry skills needs and engage C-suite business leaders to develop a partnership of companies that ensures the identification of needs is business driven with public partners supporting design and implementation
- Work with K-12 schools, universities, workforce development organizations, human services agencies, economic development agencies, and community organizations to tackle common needs related to workforce readiness
- Create work-based learning programs that align with talent and recruiting strategies

Launch a credential registry system for secondary, postsecondary, and technical programs that improves educational access and equity, career pathway advancement, and helps sustain a globally competitive workforce

- Research models and best practices in other states to develop a single, statewide solution for uploading and searching credentials

Promote a skills-based hiring and training environment that provides greater equity and access

- Launch three to five skills-based hiring pilots and agree on a plan to scale skills-based hiring practices
- Establish a working group of key companies and partners to develop skills-based hiring and training strategies

Retain college graduates by launching talent retention organizations in three cities by 2022

- Grow Connecticut's talent pool by providing more postsecondary students with meaningful internship experiences
- In coordination with AdvanceCT, implement a talent retention program based on Campus Philly's framework
- Launch talent retention organizations in three cities; Hartford, New Haven, and Stamford

Publish an operational optimization and alignment plan for the workforce development boards by December 2021

- Analyze best practices in WDB coordination in other states and by surveying partners in Connecticut
- Analyze current state and regional WIOA plans to identify additional alignment opportunities

Inclusive growth elements

Include a diverse set of participants, including women, minority, veteran, and disabled business owners and community organizations in underserved neighborhoods

Workforce: Career and Education Building

Objective: Align training and education with occupational demand and career opportunities

Context² and rationale

CT is home to leading institutions...

- Including renowned postsecondary institutions among 41 higher education institutions
- Producing nearly one-quarter (24%) of New England's digital tech-oriented degrees and certificates

...but has room to address challenges

- In 2017, only 34% of CT's four-year college graduates remained in the state one year after graduation, compared to 42% in MA and 53% in NY
- In an average month, only one out of six active job tech-related job postings are filled (3,288 of 19,149 of unique active tech-related job postings)
- Public financing for training and education is fragmented, with limited transparency on results

Hard skill gaps remain in industry recognized credentials including:

- Agile Software Development, Python, Automation, Amazon Web Services, APIs, NET Framework, Software Engineering, Java

Additional Proposals

Sector training programs to reskill 6,000 displaced workers

- Reskill unemployed individuals to meet current employer demand

Initiative detail

Develop an integrated career pathways strategy that effectively responds to today's workforce challenges and opportunities

- OWS to continue to develop strategies and a legislative agenda that supports a statewide integrated career pathways buildout

Building scalable and sustainable sector-based training strategies that addresses near-term shortages and anticipates emerging needs

- Refocus training dollars to support training for in demand jobs

OWS will coordinate work-based learning activities at a statewide level that includes the creation of a digital platform to share best practices

- Work with educational partners to develop specific practices for better integrating WBL programming with career pathways

Accelerate postsecondary access through increased participation in dual credit programs statewide

- Launch a dual credit working group and create an automatic admission program for the state university system

Develop a modern academic and career advising system in which all high school and public university students have an individualized career and academic plan

- Secure resources to expand CSCU and UConn advising initiatives and introduce career pathway advisors into more middle/ high school systems

Improve teacher and student preparedness by partnering with CSCU and UConn to expand K-12 outreach

- SDE will develop a plan for use of ISTE (technology instruction) standards in education preparation

Improve the Adult Education (AE) system by creating a coordinated, accountable adult literacy system that links Adult Education and relevant partners to develop training programs tailored to students' goals and needs

- Convene a working group including AE, CSCU and WDB to develop plans and goals for a redesign of AE

Inclusive growth elements

Prioritize underperforming K-12 schools in disadvantaged areas to address the state's large gaps in college and career readiness

Reduce barriers to employment and continuing education by providing wraparound services

Workforce: Equity and Access

Objective: Address persistent barriers that undermine access to sustainable work and training arrangements

Context¹ and rationale

The barriers that affect Connecticut's lower-paid workforce are the same that disproportionately affect underserved populations and have only been exacerbated by the COVID-19 crisis

- Only 11.5% of Connecticut families can afford infant care, which according to federal standards is no more than 7% of a family's income
- Currently, only one fourth of the 100,000 accessing state-funded mental health services are employed, the remainder are unemployed (20%) or not in the labor force (53%)

Motivated persons with a good job or training opportunity is often thwarted by barriers not of their own making

- Inadequate transportation services and the cost of personal transit present a significant barrier to and is compounded for those who live in rural locations or work non-standard hours
- The complex and layered nature of social services makes it challenging for families to navigate whether an increase in come will result in more or less total income

Initiative detail

Expand capacity of the childcare system

- Redesign the Early Child Care system, which will better serve parents while aligning government, private and philanthropic funding
- Expand the supply of childcare providers through A) securing US DOE CCAMPIS funding, B) promoting Staffing Family Child Care Networks, a low cost, COVID-resilient model of operation, and C) Encouraging our colleges to maximize federal support for student support services
- Align reimbursement rates to the true cost of care

Reduce transportation barriers

- Expand transit programs to cover individuals enrolled in non-credit bearing workforce training and Adult education programs
- DOT should establish a revenue neutral bulk transit pass program in conjunction with partners to ensure individuals participating in workforce training programs have access to affordable public transit options
- OWS to partner with state's workforce development boards to expand and scale the Rides for Jobs program currently operating in Eastern Connecticut

Expand access to behavioral health services

- Increase the number of Supportive Employment Services slots for residents with mental health challenges from 2,000 to 4,000
- Pilot an expansion program at selected CMHCs across Connecticut and assemble partners to review findings and develop a robust expansion plan

Reduce the adverse effects of benefits cliffs

- Adopt the Federal Reserve Bank of Atlanta's Benefits Cliffs tools for use by CT caseworkers and analysts
- Phase 1 will include a benefits cliff policy analysis while Phase 2 will focus on the development of high impact policies based on Phase 1 findings

Workforce: Data and Accountability

Objective: Use technology to increase jobseeker accessibility and better understand program outcomes

Context¹ and rationale

Jobseekers face challenges in navigating the rapid expansion of sources and content

- They need an easy-to-use online portal to find jobs, education, training, employment, and other services

Data from state-sponsored workforce programs is often inaccessible

- Limited granular, actionable data to inform decision-making (e.g., skills demand, training program ROI)
- Data is rarely presented in a framework that enables comparison
- In some cases, the lack of data is the result of legislation or regulations and in other cases it is due to program data not being collected at all



Initiative detail

Enhance online job-related systems and improve equity of access to these offerings

- The improved system will include information on labor market conditions, career pathway advancement strategies, and lifelong learning opportunities will also provide users with access to regional partners who can offer support
- OWS will appoint an Online Services Project team that will include subject matter experts to create typical user profiles in order to better understand the current experience and develop compelling use cases for new system features

Create standard system-wide performance dashboards and ROI templates

- Establish a framework that enables an “apples to apples” through the establishment of a systemwide dashboard
- Assemble program-level data into a useable format by combining and formatting program-level data from all relevant agencies that allows for a standard process for presenting and analyzing data
- Utilize an expanded P20 WIN system to create a cross-agency data platform that supports net impact and ROI analyses for workforce training programs

Redevelop the P20 WIN system to derive labor market insights powered by real-time advanced analytics

- Leverage federal grant dollars to onboard staff to increase the capacity of its P20 WIN cross-agency analytic team
- Pursue opportunities to participate in data analytics training for key stake holders
- Review technical infrastructure to allow for faster turnaround times for standard data requests and for improved accessibility to data

Inclusive growth elements

Use data platform to investigate racial and gender gaps in training and workforce readiness, as well as barriers to employment faced by people with disabilities and veterans; deploy funding to address these gaps

Targeted Small Business Support

Objective: Public and private matching funds to support Connecticut's small businesses, creating/ retaining 14,000 jobs via loans and grants, with at least 50% targeting underbanked and underrepresented business owners

Context and rationale

CT's women and minorities have historically been under-represented in the state's economy

- Only ~16% of CT's businesses are minority-owned despite ~33.5% minority population in CT
- In 2018, CT's unemployment rate was 5.5% overall but 9.5% for Black or African-American and 7.8% for Hispanics
- CT ranks 44th in women-owned business growth since 2014

COVID is disproportionately impacting underserved businesses

- The five hardest-hit sectors represent 35-55% of revenue for WMBEs in CT, vs 15% of revenue for all firms
- 46% of CT WMBEs had difficulty applying for Paycheck Protection Program (PPP) assistance (compared to 33% of CT SMBs overall)



Initiative detail

- **SSBCI funding to either 1) directly invest as equity or 2) leverage private sector debt funding as first loss. Maximize private sector capital a goal**
- **Dedicated [CDFI] investment fund set up with mandate to invest in MWBEs and or Economically Distressed municipalities**
- **Grants for technical assistance to accompany investments**
- **Offer loan products that provide no and low-interest as well as first year no payments**

Progress

June Sp. Sess., Public Act No. 21-2 made important updates to the Small Business Express (EXP) lending program by establishing a two-pronged model

- DECD will partner with CT Innovations to leverage the Capital Access for Business (CAB) loan guarantee program, which provides lending institutions with a "first loss" guarantee
- DECD will partner with regional community banks to invest in their revolving loan funds to help build capacity for higher risk credit profiles

Connecticut administered two grant programs targeting small and underserved businesses who were greatly affected by Covid-19

- The CT CARES Small Business Grant issued \$5,000 grants (a total of \$50M) to 10,000 businesses with 20 employees or less, of which 38% were women-owned, 29% minority-owned, and 3% veteran-owned
- The CT Business Recovery Grant distributed \$10,000 to \$30,000 grants to 2,000 of Connecticut's small to medium sized businesses sustaining the greatest impact from Covid-19, for a total of \$35M in support

Inclusive growth elements

At least [50%] of funds to be for minority, women, veteran and disabled owned businesses

Work with qualified community lending institutions to increase capital access

Collaborate with existing orgs serving WMBEs in CT

Five-year impact and cost summary

Direct jobs
7K

Total jobs
14K

Project cost
225M

Public cost¹
125M

Sources of inspiration



CT Brand, Travel/Tourism, and Hospitality Support

Objective: Launch an inclusive marketing campaign to drive tourism and population growth; support the travel, tourism, and hospitality industry

Context and rationale

CT has open spaces, smaller cities, top schools & healthcare

- More attractive now than a year ago
- Ranked 5th in quality of life by Forbes
- Progressive healthcare attractive to young families
- Moody's upgrade, first in 20 years, investor confidence is strong

There is opportunity to capitalize on trends emerging away from densification

- COVID has increased consumers' prioritization of home size (+22%), outdoor space (+29%), and home offices
- There has been a 96% YoY drop in US passenger flights due to consumer fears of COVID, which may result in increased local tourism
- Workforce shifting to remote, 1 or 2 days in NYC or Boston but the rest of the week in CT



Initiative detail

Augment marketing and branding effort to 1) retain the 20,000 + residents who moved here during the pandemic 2) redefine CT's brand post COVID and 3) market urban living with nature next door 4) Compete with surrounding states for remote workforce

- Leverage local influencers typically young, diverse and entrepreneurial to elevate interest among younger demographics
- Market urban amenities with larger but accessible living and working spaces
- Elevate CT's post-pandemic brand for the benefit of all industry sectors
- Expand reach beyond the current 10%; target a larger diverse audience including recent college grads

Focus messages on attributes that make CT a competitive location

- **Tourism:** Emphasize large scale venues and hidden gems, with a focus on activities that are "socially distanced" appealing to all residents and visitors
- **Resident quality of life:** Highlight accessible housing amenities (e.g., size, yard, home office) that accompany a move from NYC/ Boston to CT, high quality public education, top-tier progressive healthcare system
- **Business:** Correct misconceptions about CT's business climate, emphasize fiscal stability, industry innovators and green economy

Sources of inspiration



New York State's 2020 tourism budget was \$3.88 per capita, for a total of \$59.9M



Massachusetts's 2020 tourism budget was \$2.19 per capita for a total of \$12.2M



New Jersey's 2021 Economic Development spending is already over \$2M – competing for business and talent

Inclusive growth elements

Feature diverse audiences in each campaign	Prioritizing the utilization of WMBE vendors	Emphasize the inclusive, welcoming culture of the state	Ensure marketing campaign highlights tourism, quality of life and business opportunities available across the entire state
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Five-year impact and cost summary

Direct jobs ¹ 500	Total jobs 1K	Project cost 32M	Public cost ¹ 32M
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Source: CNN; Consumer survey, April 15-17, n= 1,027; VEDP FY2021 Operational Plan Appendix; MEDC FY2020-2021 Advisory Budget; C2ER FY2020

1) Public cost comprised of \$7M in ARPA funds and \$25 in other public funds such as the Tourism Fund

Innovation Corridor

Objective: Fund three transformative projects that spur innovation through large-scale transformational placemaking projects

Context and rationale

Connecticut's priority industries and priority metro areas will mutually benefit from clustered, denser innovation corridors.

Municipalities and local partners are best positioned to identify most catalytic, most realistic placemaking and innovation-spurring projects

Sources of inspiration

NYC used desirable land and \$100M in cash incentives to attract top institutions



The city used a stage-gated process to attract Cornell Tech, culminating in a competitive RFP

Partnership with local universities was encouraged, as was community engagement



RCCF ESD Grants invest \$150M across 10 NY regions to fund capital projects that increase economic activity

Initiative detail

Each can apply for \$25M-\$50M grants for comprehensive development projects that utilize community, corporate, or educational partners to create transformational economic development in downtown urban centers

- Recipients may be public entities or a consortium of public and private partners
- State grants must represent no more than 20% of total project costs
- Applicants must demonstrate how plans will attract development, assist in linking urban centers to transportation systems, and advance equity and inclusion

Progress

CTNext has made significant investments in place-based innovation assets in CT cities i.e. accelerators/incubators, coding and tech talent programs and dynamic co-working spaces

Four communities, competitively selected in 2017 as Innovation Places (Hartford, New Haven, New London, Stamford) in 2017. Primary industry focus includes: InsurTech, Smart Manufacturing, Biotech, Blue Tech, and Data Analytics

Inclusive growth elements

Funding conditional on anti-displacement strategy for existing residents

Funding criteria reward positive impact on underserved and marginalized communities

Five-year impact and cost summary

Direct jobs
7K

Total jobs
15K

Project cost
618M

Public cost¹
100M

Communities Challenge

Objective: Offer competitive community grant funds to spur investment in compact, high-quality, and transit-connected development

Context and rationale

CT struggles to attract and retain residents, in part due to underinvestment in place-based community development

- Drivers of perceived low quality of life and a lack of urban vibrancy vary by region
- Northwest CT identifies amenities for young talent as a major concern, while Bridgeport ranks housing and transportation as top needs

Even after COVID, Main Streets will likely continue to be critical areas of focus for new and existing residents:

- >70% of US residents indicate they will not reduce their prior preferences towards physical retail, restaurants, and live events
- 40-60% of SMBs in Main Street industries such as retail, accommodation, and food services are “highly concerned with the sustainability of their business,” highlighting the need for effective state support

Sources of inspiration



MassDev’s TDI assigns Fellows to distressed Gateway Cities to coordinate transformative place-based investment



RCCF ESD Grants invest \$150M across 10 NY regions to fund capital projects that increase economic activity



The CA AHSC Program awards \$1-30M grants for affordable housing, public infrastructure, and streetscape

SOURCE: Twin Cities Metropolitan Council, Metropolitan Council, Retrofitting Suburbia (Dunham-Jones and Williamson, 2011), MassDevelopment, MassINC, New York Empire State Development, New York Governor’s Office California AHSC, McKinsey & Company COVID-19 US SMB Financial Pulse Survey (May 8-13); CT Small business survey conducted 4/29 – 5/12; Estimated as 50% at 1:1 funding match and 50% at 2:1

Initiative detail

Offer challenge grant funds ranging in \$1M - \$10M at a 1:1 funding ratio for economically Distressed Communities and 2:1 for non-distressed to spur community innovation and investment in high-quality development supporting Main Streets and strategic urban cores

Funded projects must demonstrate that they will:

- Improve convenience, livability, and appeal of CT communities
- Densify commercial or residential development near transit hubs
- Provide project area residents with greater access to and/or opportunities for employment
- Attract private sector redevelopment of adjacent commercial or residential properties
- Regional (e.g., metro area) collaborations are encouraged; municipalities are encouraged to partner with each other to create broader impact and strengthen their applications

Municipalities can apply for funding for either development or pre-development

- Pre-development grants fund site design, financial feasibility analyses, and market studies
- Development grants fund capital improvements of up to \$10M
- To encourage partnership, awards from the Communities Challenge cover no more than 20-40% of project costs
- DECD will assign regional coordinators to help municipalities access and use funds

Inclusive growth elements

Funding conditional on anti-displacement strategy for existing residents

50% of funding to be in Distressed Communities

Five-year impact and cost summary

Direct jobs
2K

Total Jobs
3K

Project cost
250M

Public cost¹
100M

¹ Public cost is comprised of \$100M in bonding, timeframe of bonding is TBD

Greentech Fund

Objective: Advance nascent specialization in clean energy technology by investing in capital improvements and place-based development

Context and rationale

With the highest average retail electricity price in the US, energy is expensive in CT

CT has a growing clean energy sector with a large employment footprint

- The sector employs ~44K workers (2.6% of labor market); jobs grew 4.3% since 2017
- CT is home to the nation's first green bank, Connecticut Green Bank, and the Fraunhofer USA Center for Energy Innovation at UConn

CT is a national leader in fuel cell and wind

- CT ranks 5th in total fuel cell patents
- In 2015, CT's 600+ fuel cell and hydrogen supply companies realized ~\$700M in revenue
- As of 2017, Bridgeport is home to the largest fuel cell power project in North America
- 19% of CT's electric load is under contract with offshore wind, compared with 5% NY, 13% MA

Sources of inspiration



MassCEC is a state-linked agency in MA that invests ~\$44M¹ annually in the clean energy economy, funded by ratepayer surcharges



NYRSDEA's 10-year, \$5B Clean Energy Fund operated four portfolios: market development, solar industry, investment (NY Green Bank), and research/innovation

Initiative detail

Connecticut Innovations (CI) to manage a new fund that would invest in companies focused on renewable energy, sustainability, and other disruptive green technologies. Fund would make equity investments and be no less than [25]% of the capital structure of any company.

- **Growth capital for clean technology:** Direct equity investment, administered by a third-party, in the state's most promising early-stage and growth-stage clean technology companies, with a focus on wind energy and fuel cells

Inclusive growth elements

Funded projects must demonstrate creation of living-wage jobs

Set targets for support of energy sector businesses owned by women, minorities, veterans, and people with disabilities

Five-year impact and cost summary

Direct jobs
1K

Total jobs
2K

Project cost
175M

Public cost
25M

Smart Manufacturing Campaign

Objective: Accelerate modernization through technical support and workforce training

Context and rationale

CT is a leader in advanced manufacturing

- 4,000+ enterprises exporting \$17B per year
- Strengths in aerospace, electrical equipment, and ship and boat building

However, many CT manufacturers face modernization barriers

- Top modernization needs are R&D testing and production integration assistance
- 70% of manufacturers have <20 workers, and 35% of workers are over the age of 55
- Smaller firms face challenges modernizing due to capacity and capital constraints
- CONNSTEP assists manufacturers, but is at a remove from research emerging from CCAT and UConn Tech Park

Sources of inspiration



Public-private partnership that supports >50% of manufacturing base in New York region, became 75% self-funded within 2.5 years due to demand for unique services

Initiative detail

Redesign and relaunch the existing Manufacturing Innovation Fund

- The relaunched \$10M fund will focus on small manufacturers' workforce training needs
- Approximately \$3M will fund capital investments for manufacturers with under 150 Connecticut employees, with the required match ranging from 2:1 to 4:1 depending on the company's size

Inclusive growth elements

Fund will identify solutions to improve transportation between underserved urban communities and manufacturers

Loan guarantee may also be used to finance employee equity ownership (e.g., ESOPs), broadening the base of wealth

Five-year impact and cost summary

Direct jobs
3K

Total jobs
5K

Project cost
40M

Public cost¹
20M

CT Broadband for All

Objective: Ensure all Connecticut residents have access to expanded and affordable broadband

Context and rationale

Broadband is a key enabler for working and learning from home, reskilling, and finding new jobs

- 51% of companies are WFH during quarantine, and >80% of residents enjoy working from home¹
- Streamlined job applications through the internet reduce labor market discouragement by >50%²

Broadband access and adoption in CT is not distributed equitably

- ~1.7M CT residents do not access the internet at broadband speeds³
- Many residents lack affordable broadband options (46% of residents with access must pay \$60+ / month)⁴

Sources of inspiration



Minnesota set up an Office of Broadband development with state funding and clearly defined goals for broadband expansion



California set up a Broadband Council as a forum for state agencies to share key info and collaborate on broadband expansion

Task force is broken into 5 key groups that focused on strategic areas (e.g., Strategic Corridors, Surplus Equipment, etc.)

Initiative detail

The COVID-19 health crisis has heightened the need to close the digital divide and to ensure equitable access to high-quality internet access by;

- Building quality statewide GIS capacity for broadband mapping and economic development to support remote work, health, and education
- Supporting curb-to-home build out of broadband cable in low-income communities
- Expanding and improving connectivity in public spaces

Progress

- The Everybody Learns Initiative made CT the first state in the nation to close the K-12 digital divide exacerbated by COVID-19 pandemic by distributing over 141,000 laptops and 12,000 hotspots to students throughout the state
- The Get Connected bilingual marketing campaign from Oct-Dec 2020 educated and encouraged householders in areas with low adoption rates to sign up for low-cost broadband service for health, work, and education purposes
- The Lamont Administration has proposed House Bill 6442, An Act Concerning Equitable Access to Broadband, to establish a framework for achieving universal access to broadband internet, as described above

Inclusive growth elements

Focus access initiatives on underserved regions of the state, and adoption initiatives on lower-income residents

Expand broadband coverage to increase the range of jobs available to residents in underserved communities

Five-year impact and cost summary

Direct jobs
N/A

Total jobs
N/A

Project cost
40M

Public cost⁵
40M

Regulatory Modernization

Objective: Eliminate pain points to improve the perception and reality of doing business in Connecticut

Context and rationale

CT's complex regulatory environment burdens entrepreneurs

- Highest cost to incorporate of any state: \$455
- Standard time to incorporate is 12-20 business days, compared to 2 days in best-in-class states
- CT has the 18th largest number of occupations requiring licenses
- CT received an "F" in regulation in Thumbtack's 2019 small business survey

Regulatory processes are decentralized, difficult to navigate, and outdated

- CT's 169 municipalities each control their own zoning, land-use, and permitting
- Only 5% of CT's 2000+ forms can be completed online; statutory requirements exist for use of fax, payment by check, and other outdated processes

Sources of inspiration

Within three years, British Columbia's "red tape review" program reduced regulation by 1/3



Initiative detail

OTG will identify a regulatory "czar" to improve state's regulatory processes:

- Collaborate with leaders of prioritized regulatory agencies and leaders in target industries and small business organizations to identify major pain points
- Support regulation modernization at other agencies, modeled on DEEP's "20 by 20"
- Work with DECD to set target business friendliness metrics (e.g., time to incorporate) to measure the success of regulatory modernization efforts
- Continue reduction of unneeded occupational licensing requirements and identify new areas to improve (e.g., analyzing compliance burdens, reducing number of occupational categories)

AdvanceCT and DECD will support outreach as necessary and publicize business friendliness improvements

Progress

A revamped Business One-Stop site launched in July 2020 where entrepreneurs can easily find everything they need to start or manage their business in Connecticut

Inclusive growth elements

Set ambitious target for outreach to MWBEs and businesses owned by veterans and people living with disabilities

Include impact assessment for MWBEs and businesses owned by veterans and people living with disabilities in comparative burden analysis

Five-year impact and cost summary

Direct jobs
6K

Total jobs
11K

Project cost
1M

Public cost¹
1M

JobsCT

Objective: Restructure incentives to create a straightforward path to rewards for job creation and establish a business concierge that centralizes business expansion, retention and recruitment efforts

Context and rationale

CT's existing tax incentives for businesses are costly, difficult to access, and inefficient at creating jobs

- Business attraction programs such as First Five Plus do not calculate incentives in a standardized or transparent way
- Business tax credits are difficult to use; the cumulative volume of stranded tax credits in CT exceeded \$1.8B in 2016
- Credits are also costlier than the US average, with an average CT expenditure of ~\$25K per job created



Initiative detail

DECD will restructure incentives to be standardized, transparent, and performance-based:

- Capital investment will be incentivized through the urban and industrial reinvestment tax credit and/or sales and use tax exemptions

Progress

HB 6440, An Act Concerning the JobsCT Tax Rebate Program, has been introduced in 2021 as a simple, transparent, targeted, earn-as-you-grow incentive program for businesses to expand in or relocate to Connecticut

- If a company creates at least 25 jobs in two years, it will receive a 25% rebate on state employee withholding taxes in years 3-5 or 3-7
- If a company is located in an Opportunity Zone or distressed municipality, the rebate is 50%

CERC has rebranded as AdvanceCT and established a business recruitment team, including a concierge service with support for businesses interested in moving to or expanding their presence in CT

- Industry-specific teams are accountable for recruiting and retaining target sector businesses
- Staff assists companies with zoning and permitting processes for new developments
- Concierge staff certifies sites and publicizes them on *Sitefinder*, including details such as electricity, water, sewage, internet, and transportation availability

Inclusive growth elements

Only offer incentives for jobs paying 110% of area median income

Set recruitment targets for minority job creation

Offer additional incentives for jobs created in an Opportunity Zone or Distressed Municipality

Five-year impact and cost summary

Direct jobs
10K

Total jobs
19K

Project cost
140M

Public cost¹
140M

Sources of inspiration



JobsOhio created a business attraction team in 2011 led by industry experts. Since then, they have closed deals on 65% of all projects for which they submit an offer